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TO RUEHC/SECSTATE WASHDC 4289
INFO RUCNMR/MERCOSUR COLLECTIVE
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RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEAIIA/CIA WASHDC

UNCLAS ASUNCION 000536

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STATE FOR WHA/BSC AND EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD
NAIROBI FOR MICHAEL FITZPATRICK

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [PINR](#) [PA](#)

SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, MAY 13-19,
2006

REF: A. ASUNCION 0479

[1](#)B. ASUNCION 0507

[1](#)1. (U) Summary

-- Duarte Visits Vienna, Brussels, and Paris
-- Defense Commission Supports US Military Exercises
-- Cubas Suspects Seek Refuge in Bolivia

Duarte Visits Vienna, Brussels, and Paris

[1](#)2. (U) Over the last two weeks, President Duarte attended the Latin America-EU Summit in Vienna followed by bilateral visits to Brussels and Paris. During the Summit, President Duarte expressed hope that Mecosur countries would be able to negotiate bilateral trade agreements, noting that the smaller Mecosur countries (Paraguay and Uruguay) were at a disadvantage. In Brussels, Duarte signed a cooperation agreement under which Belgium would supply technical and financial assistance to improve Paraguayan ports and to refurbish downtown Asuncion's streetcar system. On May 17 and 18, Duarte urged French President Jacques Chirac to persuade the French Paribas Bank to withdraw its claim against Paraguay from a Geneva court that ordered Paraguay to pay US\$85 million. (Note: This is in reference to the fraud charges against Gustavo Gramont Berres in 1986 involving several European Banks. End Note.)

Defense Commission Supports US Military Exercises

[1](#)3. (U) On May 16, members of the lower congressional house Defense Commission voted down a resolution proposed by the PBeloved Fatherland Party (PPQ) that called upon the government to reject a new series of US military exercises in Paraguay in 2007. In statements to the press, members of the defense commission noted that Paraguay is receiving benefits from the exercises that they would like to continue, especially the medical assistance (MEDRETE) exercises. On

May 3, members of PPQ signed a resolution calling for suspension of Paraguay's participation in the US military exercises complaining about the protections the GOP had extended to US participants which they maintain contravened Paraguay's obligations under the Rome Treaty. PPQ's resolution remains under review by the Commissions of Constitutional Affairs and International Relations in the House of Deputies.

Cubas Suspects Seek Refuge in Bolivia

¶4. (U) On 5/12, Interpol announced that Paraguayan nationals Angel Acosta and Blas Franco Aquino, who are under investigation for their involvement in the kidnapping and murder of Cecilia Cubas, were located in La Paz, Bolivia. Subsequently, the Bolivian government extended Acosta and Franco temporary refugee status pending a final decision. Juan Emilio Oviedo, Director of International Affairs in the Attorney General's Office, told PolCouns that the GOP has requested the Bolivian Government to expel Acosta and Franco as presently there is no extradition treaty between the GOP and the GOB. Oviedo expressed pessimism regarding the prospects the GOB would return Acosta and Franco to Paraguay. (NOTE: Mirtha Gusinsky, mother of Cecilia Cubas, planned to visit Bolivia to press the GOB authorities to return the two men to Paraguay. Both men have pending warrants for their arrest. In the last two weeks, six other members of the group were detained and arrested in Argentina after seeking refugee status. End Note.) (ref. A and B)
CASON